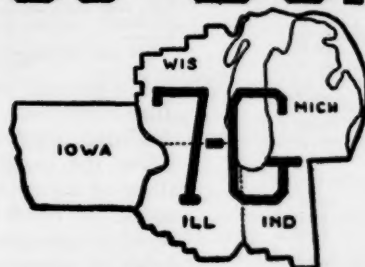


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 13, No. 8

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

July 31, 1930

General Summary

FEW, if any, evidences of accelerated business and industry in the Seventh district are afforded by statistical data for the month of June. In manufacturing lines reporting to this bank, the leather industry alone showed a moderate gain over May. Output in the automotive industry, on the other hand, declined from the May aggregate as well as from June last year; a similar trend was experienced by the steel industry. Furniture shipments, orders, and production also moved downward in both comparisons. Activity during the first half year in automobiles, iron and steel, and furniture fell short of the showing of these lines during the corresponding portion of 1929.

Building construction, as measured by contract awards, showed a slight gain over May, although residential contracts continued well below last year; the data for the first half year show building activity in the district lagging considerably behind 1929.

Employment figures reflect declines from May, from June last year, and from the first half of 1929. Practically all lines of merchandising, wholesale and retail, including department stores and automobile distribution, report lower sales volume in all three comparisons.

Crop prospects in the district are good, with the exception of hay and fruit. Drought in some areas coupled with extremely high current temperatures, however, may effect considerable damage. Contrary to the usual trend in June, butter production declined from May; sales moved upward, to a less extent, however, than customary. Cheese production and sales gained over May and over June a year ago. Wheat and

corn receipts were in greater volume than in the preceding month but fell short of June 1929. Sales by meat packing establishments decreased from May and from the corresponding month of 1929; production showed the same trend in the month-to-month comparison, but remained at approximately the same level as in June 1929.

Member bank borrowing increased slightly as did total loans and investments of member banks. Bill market operations and commercial paper sales were lower than in May. Purchases and sales of bankers' acceptances in June gained over the preceding month, but the volume of bills accepted declined. Further declines were registered in money rates in Chicago. Savings deposits as of July 1 reflected gains over May 31, but fell short of the aggregates a year ago. Bank failures in the district during the first half of 1930 exceeded, in point of number as well as deposit liability involved, the totals for all of 1929.

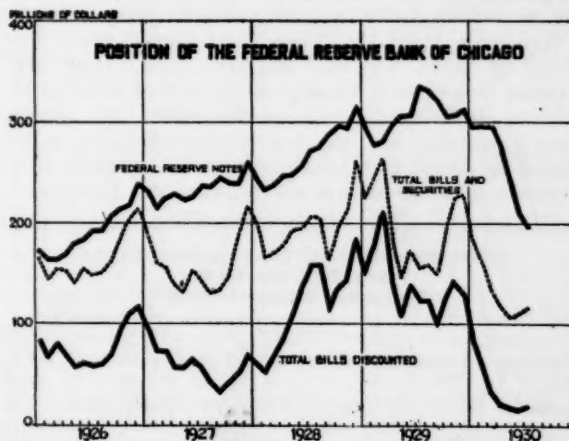
Credit Conditions and Money Rates

Member bank borrowings at the Chicago Reserve Bank showed a slight increase during the period June 11 to July 9; on the latter date they amounted to \$18,756,000, a drop of approximately \$1,000,000 from the preceding week when borrowings were at the highest

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

	JULY 9 1930	CHANGE FROM JUNE 11 1930	JULY 10 1929
Total Bills and Securities.....	\$114.1	\$ +2.8	\$ -57.6
Bills Discounted.....	18.8	+2.3	-120.8
Bills Bought.....	17.7	+0.7	+9.6
U. S. Government Securities.....	77.6	-0.2	+33.6
Total Reserves.....	489.9	-1.1	-60.2
Federal Deposits.....	371.0	+17.7	+31.5
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	86.3%	-0.6*	+6.5*

*Number of Points.



Monthly averages of weekly figures. Latest figures, averages of first two weekly report dates in July 1930.

Compiled July 26, 1930

point since early May. An analysis of the changes in the various factors influencing member bank borrowing at the reserve bank is given below:

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between June 11 and July 9, 1930 (In millions of dollars)	
Changes making for increase in member bank borrowing:	
1. Increase in member bank reserve balances.....	19.31
2. Increase in demand for currency.....	11.37
3. Funds lost through inter-district settlements for commercial and financial transactions.....	3.88
4. Decrease in holdings of U. S. securities (local transactions).....	0.18
5. Sales of gold to industry.....	0.11
Total.....	34.85
Changes making for decrease in member bank borrowing:	
1. Excess of local Treasury expenditures over receipts.....	28.01
2. Increase in holdings of acceptances (local transactions).....	3.27
3. Decrease in unexpended capital funds.....	0.72
4. Increase in reserve bank float.....	0.51
5. Decrease in non-member clearing balances.....	0.08
Total.....	32.59
Excess of changes making for increase in member bank borrowing.....	2.26
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....	2.26

Increases in member bank reserve balances and in the demand for currency, in addition to loss of funds through inter-district settlement for commercial and financial transactions were the principal changes making for heavier borrowings at the reserve bank. These were partially offset by a \$28,000,000 excess of local Treasury expenditures over receipts, and a small gain in local funds through purchases of acceptances by the reserve bank.

Reporting member banks in the district increased their total loans and investments between June 11 and July 9 by about \$64,000,000, of which increase \$32,000,000 represented investments alone. Security loans showed a small gain between the dates named, and "all other"—commercial—loans rose approximately \$24,000,000. Security loans on July 9 were \$100,000,000 in excess of the aggregate shown on the corresponding date a year ago. Time deposits during the June 11—July 9 period rose \$92,000,000, while net demand deposits showed little change.

Average weekly transactions of reporting dealers in the Chicago bill market, as set forth in the accompanying table, show considerable recession in activity from the preceding period and from the corresponding portion of 1929. The average weekly supply of bills during the current period was smaller than for any corresponding period since the beginning of the year, reflecting a decline in dealer purchases from sources other than accepting banks. Demand was poor, and a sharp contraction took place in buying on the part of local banks; sales to out-of-town banks, on the other hand, showed some expansion over the low volume obtaining in the preceding period. A moderate movement of acceptances from the Chicago market continued to the East.

CONDITION OF REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	JULY 9 1930	JUNE 11 1930	JULY 10 1929
Total Loans and Investments.....	\$3,362	+\$64	+\$71
Loans on Securities.....	1,322	+8	+100
All other Loans.....	1,318	+24	-59
Investments.....	722	+32	+30
Net Demand Deposits.....	1,955	-1	-118
Time Deposits.....	1,310	+92	+86
Borrowings from Federal Reserve Bank.....	4	+1	-102

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET

June 12 to July 9, 1930

PER CENT CHANGE IN COMPARISON WITH PERIOD FROM MAY 15 TO JUNE 11 1929

	1930	1929
Bills purchased.....	-6.0	-14.8
Bills sold.....	-12.9	-52.9
Holdings*.....	-28.4	-13.5

*At close of period.

Commercial paper sales in the Middle West during June continued the downward trend evident in May, declining approximately 8½ per cent, and remained below the usual level for the month; they exceeded those of a year ago by 53 per cent. Demand was fairly active, the result in large measure of the better yield offered on commercial paper than on the majority of other types of short-term investment; supply, on the other hand, reflected the growing disposition on the part of borrowers to finance themselves wherever possible in the acceptance market at the low rate of interest now prevailing.

Reports from a selected group of accepting banks in the Seventh Federal Reserve district show that their purchases and sales of bankers' acceptances returned to a moderately high level during June, though remaining considerably below the March peak. The aggregate value of bills accepted by these banks, however, was considerably less than in May, due to a continuation of the business recession. A number of these banks purchased their own bills in more liberal quantities than a month previous in anticipation of the June decline in acceptance rates and also for the purpose of keeping their funds temporarily employed. A further recession in the volume of bills accepted was indicated during the first half of July.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN JUNE 1930 FROM	
	MAY 1930	JUNE 1929
Total value of bills accepted.....	-9.3	+56.1
Purchases.....	+21.2	+13.8
Sales.....	+24.8	+112.3
Holdings*.....	+6.0	+71.6
Liability for outstandings*.....	-6.9	+62.1

*At end of month.

Rates in Chicago declined during the past month; the prevailing rate on commercial loans at six downtown banks during the week ended July 15 was 4 to 5½ per cent, whereas during the corresponding week in June, 4¼ to 5½ per cent was quoted. In ten smaller Chicago banks, for the most part in outlying areas, similar quotations for the week ended July 15 ranged from 4 to 6½ per cent. The average rate earned on loans and discounts by six large downtown institutions reflected this downward trend in rate levels; for the month of June the item was 4.87 per cent, as against 5.13 in May and 6.23 in June 1929. Commercial loans

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	JUNE 1930	PER CENT OF INCREASE OR DECREASE FROM	
		MAY 1930	JUNE 1929
Chicago.....	\$4,424	+5.2	-0.5
Detroit, Milwaukee, and Indianapolis.....	1,597	+1.1	-8.2
Total four larger cities.....	\$6,021	+4.1	-2.7
34 smaller centers.....	982	-3.9	-9.5
Total 38 centers.....	\$7,003	+2.9	-3.7

FEDERAL RESERVE BANK OF CHICAGO

Monthly Review of Business Conditions

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production decreased in June by more than the usual seasonal amount and factory employment and payrolls declined to new low levels. The volume of building contracts awarded was large. Prices declined sharply and money rates continued downward.

INDUSTRIAL PRODUCTION AND EMPLOYMENT

In June, industrial production showed a further substantial decrease and the Board's index, which is adjusted for ordinary, seasonal variations, declined to the lowest level since last December. Output of steel ingots declined in June and early July more than is usual at this season, while automobile production was sharply curtailed to a level considerably below that of the same period of the past two years. Cotton consumption, already at a low level, declined further in June. Output of bituminous coal and copper continued in small volume. Wool consumption and shoe production increased slightly and cement output, as in the preceding month, was at a high level.

Factory employment and payrolls decreased further in June. The number employed at steel plants and in the automobile, agricultural implement, and cotton goods industries, declined more than is usual at this season, and employment in the woolen goods and lumber industries continued at unusually low levels.

The value of building contracts awarded in June, \$600,000,000, according to the F. W. Dodge Corporation, was about 30 per cent more than in May and the largest since last July. The increase reflected chiefly unusually large awards for natural gas pipe lines and power plants; the volume of contracts for residential building was somewhat smaller than in May. In early July the total volume of contracts was small.

Department of Agriculture estimates, based on July 1 conditions, indicate a decrease from last year of about 20,000,000 bushels in the winter wheat crop and a corresponding increase in spring wheat. The corn crop is expected to be about 2,800,000,000 bushels, 7 per cent larger than last year and 4 per cent above the five-year average. Area planted to cotton is estimated at 45,815,000 acres, 2.7 per cent less than last year.

DISTRIBUTION

The volume of freight carloadings in June and early July continued to be substantially below the corresponding periods of 1928 and 1929. Preliminary reports indicate that the decline in department store sales from a year ago was of larger proportions in June than in any previous month this year.

WHOLESALE PRICES

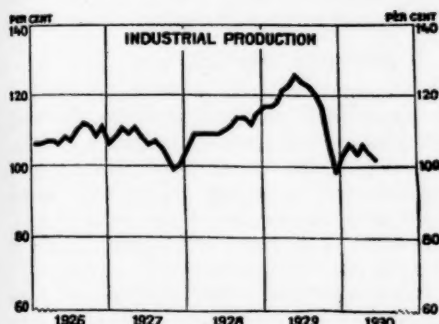
Commodity prices declined more rapidly in June than in any other recent month, and the index of the Bureau of Labor Statistics at 86.8 per cent of the 1926 average was about 10 per cent below the level of a year ago. Prices of many important agricultural commodities and their manufactures declined further and those of certain leading imported raw products—silk, rubber, and coffee—reached new low levels. There were also further declines in iron, steel, and copper. Prices of raw wool, hides, and raw sugar increased slightly during June. Early in July, prices of meats were stronger, but there were further declines in many other commodities.

BANK CREDIT

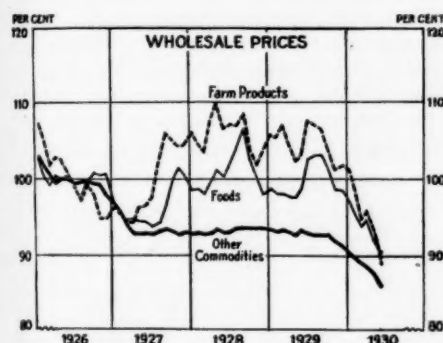
Loans of reporting member banks in leading cities declined somewhat between the middle of June and the middle of July, and on July 16 were \$60,000,000 smaller than five weeks earlier. Loans on securities decreased by \$140,000,000, while "all other" loans increased by \$80,000,000. The banks' investments increased further by about \$280,000,000 during this period and were in larger volume than at any other time in the past two years.

Member bank balances at the reserve banks increased and in the week ending July 19 averaged \$60,000,000 more than five weeks earlier, and at the same time their borrowings from the reserve banks declined by nearly \$20,000,000—reflecting an increase in the reserve banks' holdings of acceptances and government securities, a further slight growth in gold stock, and a continued decline in the volume of money in circulation.

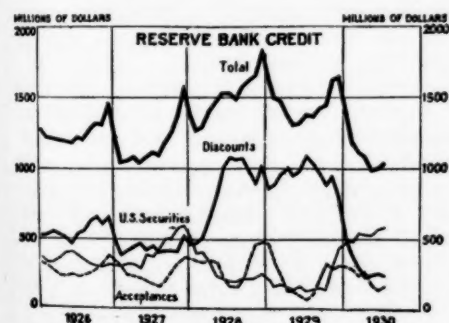
Money rates in the open market continued to ease, and in the middle of July rates on 90-day bankers' acceptances at $1\frac{1}{4}$ per cent were at a new low level, while rates on commercial paper at $3\frac{3}{4}$ per cent were at the low point of 1924. During July, the reserve bank discount rate was reduced at Boston from $3\frac{1}{2}$ to 3 per cent and at Philadelphia, Atlanta, and Richmond from 4 to $3\frac{1}{2}$ per cent.



Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100).



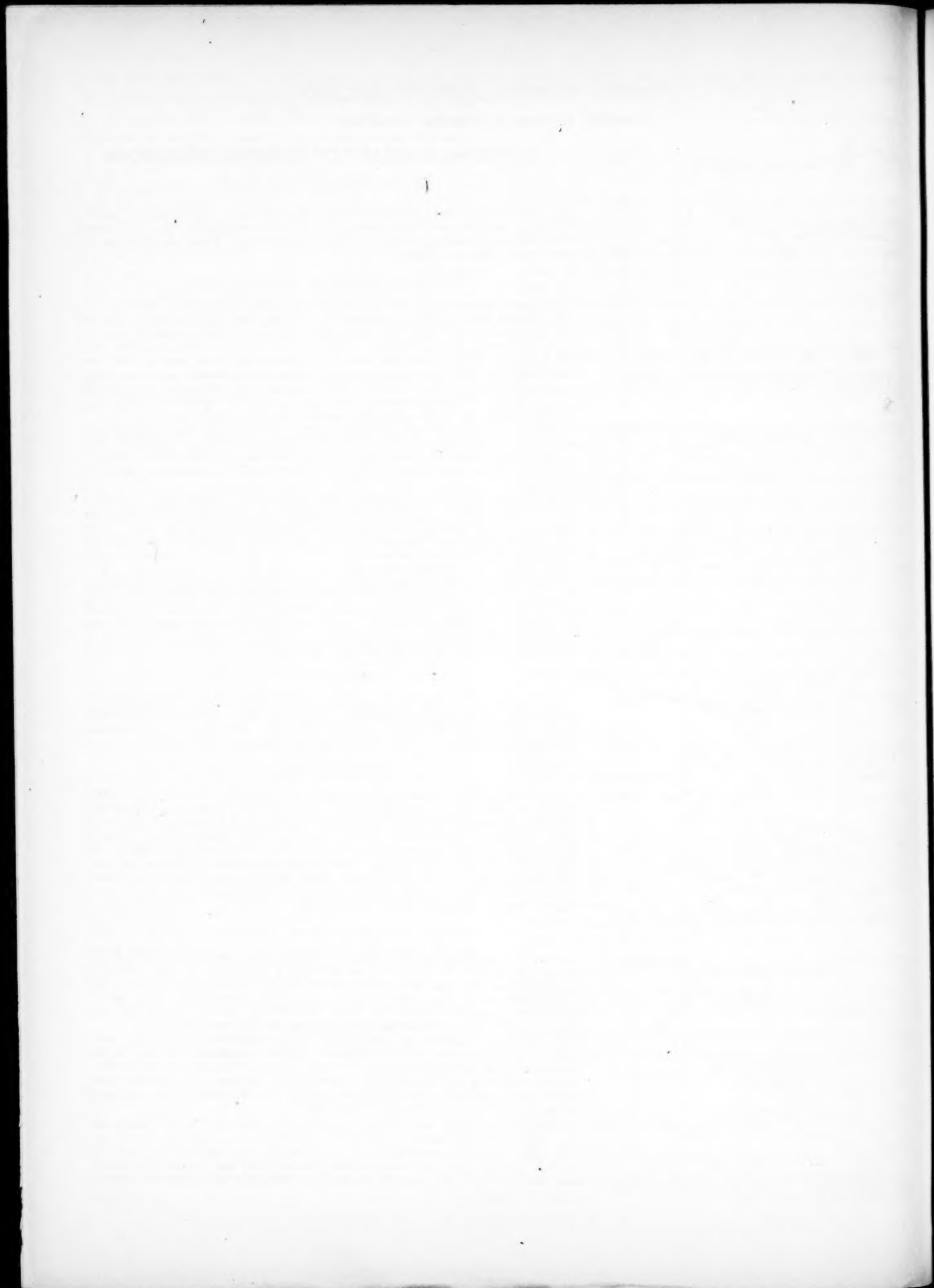
Index of U. S. Bureau of Labor Statistics (1926 = 100).



Monthly averages of daily figures. Latest figures, averages of first 19 days in July 1930.



Monthly averages of weekly figures for reporting member banks. Latest figures, averages of first three weeks in July 1930.



in Detroit during the week ended July 15 were quoted at 5 to 6 per cent, and the average rate earned on loans and discounts by three large banks in that city dropped from 5.79 per cent in May to 5.63 per cent in June; for June a year ago this figure was 6.11 per cent.

SAVINGS DEPOSITS

Savings deposits at 193 reporting banks in the Seventh Federal Reserve district on July 1, again showed a slight increase over the preceding month. This was a result, however, of only two states—Illinois and Iowa—registering gains in the amount of deposits. The number of depositors dropped slightly, owing to a smaller number of accounts in Illinois, Michigan, and Wisconsin. The average account increased somewhat over the May 31 figure, although, individually, Indiana and Wisconsin each recorded a decline. In the comparison with July 1, 1929, the amount of regular deposits, the number of accounts, and the average account all declined. Illinois did not follow the trend of the district and registered slight increases in each item, as did Indiana in the amount of deposits and the average account. Twenty-five reporting banks in Chicago continued the trend operative for the past few months, registering a decline in the number of depositors and showing an increase in total savings deposits.

SECURITY MARKETS

A heavy volume of new bond offerings again featured the Chicago bond market during June; although they did not attain the volume of May, offerings totaled considerably higher than in the corresponding period of 1929. A large portion of these new issues was accounted for by United States Treasury financing and foreign issues including the Reparation bonds. Trading, for the most part, continued irregular with prices trending slightly upward. Demand was noticeably favorable toward high grade public utility and municipal issues. As in the past few months, institutions were the heaviest purchasers of bonds. Increased activity and strength characterized the early part of July, reflecting somewhat the July reinvestment demand. Relatively few new offerings were available during this period, which afforded dealers an opportunity to clear some of the slow-moving issues. On July 8, the average price of twenty leading stocks* on the Chicago Stock Exchange dropped to \$119.18, a new low point for 1930. The average on July 15, \$123.56, compares with \$129.28 a month previous.

*Chicago Journal of Commerce.

BANK FAILURES

During the first six months of 1930, a total of 470 banks in the United States suspended operations, involving deposits of \$205,000,000, as compared with 642 suspensions with deposits of \$235,000,000 during the whole of 1929. Members of the Federal Reserve System, which constitute about one-third of all the banks in the United States, were responsible for no more than one-eighth of these failures.

Seventh district suspensions in the first half of 1930, increased over last year even more markedly than did those in the country as a whole, 117 of the 470 closed banks, with deposits of \$43,000,000, taking place therein, a considerable increase over the 93 suspensions and \$36,000,000 in deposits for the whole of 1929. Only

about one-twelfth of the 1930 suspensions in the district were member banks, whereas about one-fourth of all the banks in the district belong to the System. Indiana and Illinois recorded 40 and 32 failures, respectively, Iowa 26, Wisconsin 13, and Michigan 6.

An analysis by the Federal Reserve Board of bank failures in the country as a whole over a period of nine years, 1921-1929, shows that over 60 per cent occurred in banks having a capitalization of not more than \$25,000, and about the same percentage took place in centers having a population of 1,000 or less. The record of the failures from January through June this year shows that a little over half, both in the Seventh district and in the country as a whole, were banks with a capitalization of \$25,000 or less.

Reopened banks have numbered 50 so far this year, 12 of which belong in this district, as compared with 58 and 3, respectively, during 1929.

Agricultural Products

Good crops, with the exception of hay and fruit, are in prospect for the Seventh Federal Reserve district in 1930, although at present there is no evidence that this will prove to be a bumper year. Mid-July found some corn in tassel, most of the crop too high to cultivate, and a large percentage of the remainder nearly knee high; growth in some of the latest planted fields, however, was only a few inches above ground. The harvesting of winter wheat and rye has made good progress and threshing has begun; oats, spring wheat, and barley are ripening rapidly. Conditions have been fairly satisfactory for cutting the small crop of hay, which was materially reduced in volume from a year ago principally because of the dry weather this spring. Soy bean production in the five states including this district is indicated as nearly one-fourth greater than a year ago, and one-sixth more acreage has been devoted to garden truck crops than in 1930. The Michigan production of edible dry beans is unusually large this year. More or less damage to growing crops from the extreme heat that prevailed during the second and third weeks in July, is reported; some sections of the district are now suffering from a lack of rainfall. Pastures are in much poorer condition than a year ago.

CROP PRODUCTION

Estimated by the U. S. Bureau of Agricultural Economics on the basis of July 1 condition

(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		
	FORECAST	FINAL	FORECAST	FINAL	1924-28
	1930	1929	1930	1929	AVERAGE
Corn	956,156	880,741	2,802,442	2,614,307	2,699,809
Oats	525,908	501,169	1,329,407	1,233,574	1,371,786
Winter Wheat.....	55,124	58,140	557,719	577,784	550,636
Spring Wheat.....	5,184	4,410	249,546	228,006	282,526
Barley	58,984(a)	60,894(a)	331,925	303,552	240,742
Rye	8,580(a)	8,618(a)	47,858	40,533	50,851
Flax-seed	328(b)	218(b)	30,100	16,844	23,816
Potatoes (white) ..	58,909	44,914	398,419	359,796	392,605
Sugar Beets*	699(c)	356(c)	7,898	7,318	7,389
Apples (total crop)	12,730(a)	16,784(a)	145,388	142,078	180,262
Peaches	659(d)	5,197(d)	47,808	45,789	56,821
Pears	1,202(d)	1,440(d)	23,979	21,563	21,484
Grapes*	84(a)	86(a)	2,306	2,098	2,339
Dry Beans	9,244(c)	5,767(c)	22,972	19,693	17,323
Broom Corn**	8½(e)	5½(e)	70	47	51
Tobacco**	51,181	46,360	1,597,670	1,520,674	1,302,463
All Tame Hay*	17,285	23,201	85,431	101,715	93,630
Green Peas for canning**	274,099(f)	246,381(f)	445,897	408,599

*In thousands of tons. **In thousands of pounds.

(a) Five states including the Seventh Federal Reserve district. (b) Wisconsin and Iowa. (c) Michigan and Wisconsin. (d) Indiana, Illinois, Michigan, and Iowa. (e) Illinois. (f) Indiana, Illinois, Michigan, and Wisconsin.

GRAIN MARKETING

A considerable increase took place during June over the May volume in receipts of wheat at United States interior centers, but the total was below June of last year and the five-year average for the month. Reshipments were less than in May, though above the usual June volume. An increase in exports was noted over May, less sharp, however, than the increase in that month over April. Domestic demand for wheat was light and offerings were large, even at the low prices reached following indications of a large surplus in North America. The volume of future trading in wheat on the Chicago Board of Trade rose 35 per cent from May and exceeded the June 1929 amount by a slight margin. Wheat prices were higher during the first two weeks of the month than in the same period of May, but declined sharply during the last half of June, and in the second week of July the lowest price since the summer of 1914 was recorded.

Corn receipts at the same markets, though less than usual in June, exceeded the May volume, while shipments declined from May but exceeded the five-year average for the month. The movement of oats was small. Future trading in grains other than wheat was larger than in May, although the volume of corn traded totaled 32 per cent below June 1929. Corn and oats prices tended downward and averaged lower than in May.

FLOUR

In the four months since our February survey, flour production in the district has maintained a level somewhat above the corresponding months of last year, and sales, in both dollar and barrel amounts, have also totaled in excess of 1929 in each month with the exception of May. Total production of twenty-five reporting firms for the six-month period ending June 30, exceeded the corresponding period of 1929 by 7 per cent; sales in barrels by fourteen of these firms averaged 26 per cent more and dollar sales were 5 per cent larger in the same comparison. June activity with comparisons is shown in the following table:

	JUNE 1930 PER CENT INCREASE OR DECREASE FROM		COMPANIES INCLUDED
	MAY 1930	JUNE 1929	
Production (bbls.)	-6.7	+6.7	25
Stocks of flour at end of month (bbls.)	-3.7	-17.9	21
Stocks of wheat at end of month (bu.)	-21.0	-9.6	21
Sales (volume)	+38.0	+31.4	11
Sales (value)	+32.4	+19.7	11

Production includes wheat and other flours; all other items refer to wheat flour only.

MOVEMENT OF LIVE STOCK

The month's receipts of cattle, due to a slow demand and to the relatively low volume of cattle on farms, were unusually small for June, though slightly in excess of May and a year ago. Hog marketings declined somewhat from a month earlier and last year, and continued to reflect the influence of the reduced crop of 1929 by remaining well below the five-year average for June. Lamb crops have increased in recent years; this together with a heavy marketing of thin animals resulted in June receipts of these animals continuing at exceedingly high levels for so early in the season.

Reshipments of stock to feed lots were substantially below the five-year average for June, with the movement of feeder cattle decreasing and that of lambs increasing in the comparison with May.

MEAT PACKING

Production at meat packing establishments in the United States decreased 4 per cent in June, a reversal of the usual May-June trend, and was about on a level with a year ago. As in the preceding month, a reduction in purchases by cattle feeders was responsible for cattle slaughter being somewhat above the corresponding month of 1929. Employment figures for the payroll at the end of June recorded a gain of 2½ per cent in number of workers as compared with May, and owing to one more working day in the current totals, increased 15 per cent in hours worked and 8½ per cent in aggregate earnings. Domestic demand ranged between fair and good for smoked meats, sweet pickled hams, and most lamb, but averaged from slow to only fair for fresh pork and veal; trade was draggy for beef and leg of lamb. Dry salt meats moved into domestic channels in fairly good volume. Total sales of packing-house products, as reported by representative establishments in the United States, showed a further decline of 2 per cent in June and remained substantially less than in 1929, the latter recession averaging 14 per cent. One of the major factors contributing to the decrease from a year ago was the reduced buying power of the consumer arising from unemployment in the cities and a relatively low level of prices for farm products. The lower dollar volume of sales also reflected price declines from a year ago in a number of packing-house commodities. June prices of lard, pork loins, dry salt fat backs, mutton, most beef, and the commoner grades of veal and lamb were lower for the month as a whole than in May; those of smoked meat, good to choice lamb and veal, and of fresh and cured hams, picnics, and bellies averaged higher. Quotations for practically all of these products, however, moved downward after the middle of June. Domestic demand was fair at the beginning of July. Inventories exceeded those of June 1, but remained decidedly less than a year ago and the 1925-29 average for the month.

Shipments for export appear to have changed but slightly from May. Foreign customers continued to restrict purchases to immediate requirements pending greater stabilization of commodity prices. Trade remained dull on the Continent and in the United Kingdom; the demand for hams, however, showed some improvement in the latter country during the month. American stocks abroad (including those in transit) were indicated as somewhat lighter on July 1 than at the beginning of June.

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June, 1930	210	817	290	96
Federally Inspected Slaughter, United States				
June, 1930	654	3,689	1,295	356
May, 1930	690	3,823	1,370	421
June, 1929	636	3,756	1,108	344

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JULY 19 1930	JUNE 1930	MAY 1930	JUNE 1929
Native Beef Steers (average)	\$ 9.45	\$10.50	\$11.25	\$14.20
Fat Cows and Heifers	7.00	8.00	8.60	10.90
Calves	12.50	10.45	9.85	13.70
Hogs (bulk of sales)	8.75	9.60	10.05	10.75
Yearling Sheep	8.00	8.60	7.25	11.50
Lambs	10.40	11.75	9.80	15.25

DAIRY PRODUCTS

Seventh district production of creamery butter decreased $1\frac{1}{2}$ per cent in June, contrary to the usual trend, the decline of 14 per cent from a year ago being greater than evidenced during any other month thus far in 1930. Reduced milk production, as a result of the deterioration in pastures and of the animals being irritated by flies, together with the low level of butter prices, were the principal factors contributing to this recession. Sales showed a further increase of $4\frac{1}{2}$ per cent in volume during the month, which was less than the seasonal amount, and fell 9 per cent under those of last June. Production in the United States rose slightly over May but registered a recession from a year ago, according to preliminary statistics. July 1 inventories of the commodity at warehouses and packing plants in the United States showed the customary accumulation over a month earlier and remained considerably in excess of the corresponding date of 1929 and the five-year average. Quotations trended downward until the middle of June and then firmed slightly, remaining at a very low level.

Receipts of American cheese at Wisconsin primary markets, indicative of the production at factories within the state, failed to gain as much as is ordinarily the case from June 1 to 28, but were 20 per cent heavier than in the preceding four weeks and $5\frac{1}{2}$ per cent larger than last year. Redistribution of the commodity from these centers increased 54 per cent during the period, reversing the downward trend in evidence since January; the tonnage exceeded that of a year ago by $4\frac{1}{2}$ per cent. June receipts of cheese at Chicago, however, were decidedly less than in the same month of 1929. Stocks of cheese in the United States increased by the seasonal amount over June 1 and were 21,000,000 pounds in excess of the five-year average for that date. Prices of the commodity continued to ease and at the end of the month stood at the lowest level in years.

Industrial Employment Conditions

The declines in Seventh district industrial employment and payrolls during June were larger than in previous months of 1930, and represented a downward trend in numbers employed in nine manufacturing and three non-manufacturing groups. Payroll amounts followed

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK ENDED JUNE 15			CHANGES FROM MAY 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and products ¹	537	178,782	4,957	-4.9	-8.8
Vehicles	68	32,244	900	-7.2	-10.4
Textiles and products.....	139	25,318	517	-1.6	-0.5
Food and products.....	309	50,281	1,374	+3.4	+4.7
Stone, clay, and glass.....	115	12,944	345	-0.6	-7.5
Lumber and products.....	233	25,711	542	-2.8	-5.5
Chemical products	69	11,788	303	-1.6	-6.8
Leather products	67	14,136	290	-0.7	+3.2
Rubber products ²	7	3,112	62	-15.4	-26.9
Paper and printing.....	251	36,360	1,135	-1.0	-0.8
Total mfg., 10 groups.....	1,795	390,676	10,425	-3.1	-5.7
Merchandising ³	170	31,403	838	-3.9	-3.8
Public utilities	79	96,632	3,271	-0.7	+0.6
Coal mining	31	5,551	118	-6.2	-12.8
Construction	209	15,254	473	+10.3	+9.0
Total, 14 groups.....	2,284	539,516	15,125	-2.4	-4.0

¹ Other than vehicles. ² Wisconsin only. ³ Illinois and Wisconsin.

the same trend in each of these groups except in leather products and public utilities, which increased payrolls by about 3 and one per cent, respectively, in contrast to slight declines in number of men. The two groups influencing the total most strongly were metal products and vehicles, although the rubber products group representing a small number of workers showed a greater decrease. While retardation in these two groups is not unusual at this season, the sharpness of the declines is significant. The effects of seasonal variations are not easily distinguishable in a low level of industrial activity such as the present, but three of the declining groups, lumber, textiles, and merchandising, are usually characterized by summer dullness. Paper and printing, leather products, and stone, clay and glass products are generally on an expanding basis in June. In contrast to recent months, non-manufacturing employment as well as the total of ten manufacturing groups shows a decline, the change being partially accounted for by a much smaller increase in construction employment during June than in the two preceding months.

In the unemployment ratios below, the increase in the labor surplus in the cities having free employment offices corresponds to a similar increase in June over May in 1929, although the ratios for 1930 are much higher in all states than for corresponding months of last year.

Registrations per 100 Positions Available				
MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1930 June	224	170	295	155
May	196	106	285	135
1929 June	139	113	232	120
May	124	100	244	106

The report of the Department of Agriculture on farm labor and wages for July 1 shows a decline in demand and an increase in supply of farm labor for the United States since the previous report of April 1, when the excess of supply over demand was recorded as the largest since the data were first collected in 1923. In the north central section, including twelve states, farm labor supply, expressed as percentage of demand, rose from 118 on April 1 to 130 on July 1. This condition of oversupply of farm labor, while partially due to a flow of unemployed from cities to rural sections, also indicates the same reluctance on the part of the farmer toward expenditures for labor when the market for his produce is unpromising as has characterized industry since the business recession began.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

The reduction in automobile output during June, though largely seasonal in character, was greater than in previous years. Manufacturers in the United States report 289,245 passenger cars produced during the month, a decline of 20 per cent from May and 36 per cent under June last year. In the first half of 1930, 1,894,551 cars were manufactured, or 31 per cent fewer than for the same period a year ago and slightly under the volume of the first six months of 1928. Truck output totaled 45,771 in June, a decline of 16 per cent from the preceding month and of 51 per cent from last June; production for the half year aggregated

320,019, or 29 per cent smaller than in the corresponding period of 1929 but about 80,000 heavier than in the same six months of 1928.

Distribution of automobiles in the Middle West continued to diminish in June, and larger declines from a year ago were shown than in the preceding month. Stocks were reduced during the month and, as in previous months since January, those of new cars remained below the level of 1929. Data covering the first half of this year indicate that about half as many cars were distributed at wholesale as in the same months last year and about one-third less at retail; used cars sold numbered 13 per cent fewer. Stocks of new cars averaged smaller in the comparison, while those of used cars increased in number but declined in value. The volume of deferred payment sales increased in June; sales made on this plan constituted 55½ per cent of all retail sales made by twenty-eight dealers, which compares with 47 per cent a month previous and 55 per cent a year ago.

IRON AND STEEL PRODUCTS

Operations in the steel industry have continued to trend downward, the rate of ingot output in this district receding from about 75 per cent of capacity the middle of June to between 60 and 65 per cent the middle of July, in contrast to an almost capacity operating rate at the same time a year ago. The year 1929, however, established a record for the industry. Steel mills in the Chicago district report that although actual specifications in June did not amount to the May volume, new business was received in about the same volume as in the two preceding months. Demand for structural steel, from manufacturers of road machinery, and for plates for pipe line projects was active during the month, but that from the railroads and from the automotive and agricultural machinery industries has displayed no improvement. Pig iron output in Illinois and Indiana dropped about 10 per cent from May in the daily average and was below any June since 1925.

Further weakness has been recorded in the price structure. Plates, shapes, and bars at Chicago were again reduced in price the latter part of June, and pig iron dropped another 50 cents per ton. Scrap material has shown little change in recent weeks from the low levels reached the middle of June.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE 1930 PER CENT CHANGE FROM		FIRST HALF 1930 PER CENT CHANGE FROM FIRST HALF 1929	COMPANIES INCLUDED		
	MAY 1930	JUNE 1929		MAY 1930	JUNE 1929	FIRST HALF 1929
New cars						
Wholesale—						
Number sold	-41.7	-68.4	-51.0	28	28	27
Value	-41.5	-62.6	-48.5	28	28	27
Retail—						
Number sold	-29.7	-50.9	-31.5	52	50	47
Value	-35.2	-50.9	-34.6	52	50	47
On hand end of month—						
Number	-18.8	-14.1	-5.0*	53	51	48
Value	-15.1	-21.3	-11.7*	53	51	48
Used cars						
Number sold	-13.8	-26.4	-13.3	53	51	48
Salable on hand—						
Number	-11.9	+4.9	+12.0*	53	51	48
Value	-12.1	-9.2	-5.3*	53	51	48

*Average end of month.

A greater reduction than during the same period last year took place in June shipments from steel and malleable casting foundries. Shipments of steel castings fell off 16 per cent in the comparison and those of malleable castings 21 per cent, whereas in June 1929 the declines averaged less than 10 per cent. Recessions in production from May were in about the same proportion as in shipments, and orders booked declined even more. As compared with last June, the tonnage of new orders for steel castings totaled 49 per cent less, shipments 33 per cent, and production 31 per cent smaller; the declines in malleable castings averaged 55, 45, and 51 per cent, respectively. The majority of reporting stove manufacturers had smaller shipments in June than in May or a year ago, and new orders and production were also less in the comparisons.

SHOE MANUFACTURING, TANNING, AND HIDES

Preliminary statistics of the United States Department of Commerce record a decline of 6 per cent from May in June shoe production of the Seventh district, a continuation of the trend evidenced in the preceding month. Tanning operations and the sales of leather showed a further expansion, though remaining less than a year ago. Prices held barely steady during the month. Chicago trading in packer green hides and calf skins increased over May, and there was a corresponding gain in shipments from the city; sales of calf and kip skins, however, remained small in volume. Quotations for packer offerings averaged a little higher in June than a month earlier, while quotations for country hides showed continued ease.

FURNITURE

Orders booked and shipments by furniture manufacturers in the Seventh Federal Reserve district again declined during the month of June and more sharply even than in recent months, prolonged adverse conditions surrounding the industry being supplemented by seasonal recession. Orders booked by reporting firms fell off 29 per cent from last month and shipments 18, as compared with the 1927-1928-1929 average declines over the same period of 24 and 6 per cent, respectively; corresponding declines in 1929 were even smaller, being 19 and 4 per cent. Cancellations, in conjunction with the low volume of orders, served to augment the decline in unfilled orders, which amounted to 19 per cent; unfilled orders on June 30 a year ago fell off 2 per cent from the end of May. As compared with

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	JUNE 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MAY 1930	JUNE 1929	
Wholesale trade:			
Sales in dollars.....	-14.2	-49.3	16
Sales in board feet.....	-8.0	-42.4	13
Accounts outstanding ¹	-8.7	-38.9	12
Retail trade:			
Sales in dollars.....	-13.2	-32.2	242
Accounts outstanding ¹	+2.1	-3.3	228
Ratio of accounts outstanding ¹ to dollar sales during month			
	JUNE 1930	MAY 1930	JUNE 1929
Wholesale trade	161.9	147.1	142.2
Retail trade	311.7	261.6	223.3

¹End of month.

last year, orders booked totaled 55 per cent under June 1929, shipments 49 per cent, cancellations 50, and unfilled orders 68 per cent less. For the six months just ended, orders booked have approximated 65 per cent of the volume of the same period in 1929, and shipments 70 per cent. The rate of operations sustained this June was 49 per cent of capacity, 7 points lower than last month and 27 points off from a year ago.

RAW WOOL AND FINISHED WOOLENS

Spottiness has characterized the raw wool market during the past four months, accompanied by slight price declines during March, April, and May. The finer grades of wool experienced better demand and less reduction in prices during this period than did the lower grades. Activity in general improved slightly in May and June, and prices on all grades remained steady in the latter month. Owing to mixed conditions prevalent in the finished goods industry, however, manufacturers continue to buy for current needs only. Increased strength shown during April in foreign markets was a factor in the later improvement shown in domestic markets. Recent auctions opened at London show a lower level of prices than those in April. Contracting for the 1930 domestic clip progressed quietly during the four-month period, and at this time the larger portion of it appears to be out of the hands of growers. Outstanding among developments during June was the passing of the new tariff law which increased the rates on raw wool to 3 cents per pound.

Building Material, Construction Work

Seventh district lumber distribution in June recorded a check to the gains of previous months. Inasmuch as the spring expansion had been less than usual, the six-month period closed with a decline of about one-third in wholesale lines and of more than 10 per cent in retail business, as compared with the first half of 1929. During the spring period a buyers' market prevailed, with prices uncertain or declining and, as a result, producers and wholesalers have been unable to keep their stocks down to usual quantities, while retailers, with a consistently maintained hand-to-mouth policy, have carried less lumber in their yards than last year. No noticeable tendency to take advantage of low price levels for future requirements has as yet appeared. Anticipated expansion in construction of public works proved to be short-lived and only partially offset the inactivity in residential and commercial building and in industrial consumption of forest products. Movement of lumber at Chicago, as shown by reports of the Chicago Board of Trade, totaled about 40 per cent less for the six months of 1930 than for the first

half of 1929, receipts and reshipments declining in about the same ratio.

Operations in the cement industry have been somewhat better than in other building material lines, largely due to full programs of road work maintained by states in the Middle West. Production at plants in this section during June was slightly larger than a year ago, but with shipments 9 per cent less. Stocks were considerably larger than in 1929 and much productive capacity has not been utilized. In May, 25 per cent of the total United States distribution of cement was taken by the five states including this district, the volume amounting to only 3 per cent less than in May 1929. Brick producers report a continued poor market, with June business from 50 to 75 per cent of last year's volume, and prices remaining on an unfavorable basis.

BUILDING CONSTRUCTION

Construction activity increased somewhat during June over the preceding month, as reflected by total building contracts awarded in the Seventh Federal Reserve district, although it is still under the level of a year ago. Residential contracts fell below the May figure, and the decline from the corresponding month of 1929 was considerably greater than for total building.

Permits registered declines from both the preceding month and a year ago. Those issued during June, as reported by 102 cities in the district, dropped 26 per cent from May and 47 per cent from June 1929 in the estimated cost of proposed work. The number of permits issued showed similar declines of 22 and 50 per cent, respectively. Of the five large cities—Chicago, Detroit, Milwaukee, Indianapolis, and Des Moines—the last was the only one to differ from the district trend, large increases being recorded over both the preceding month and a year ago in the estimated cost of proposed construction.

BUILDING CONTRACTS AWARDED

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
June 1930	\$100,884,493	\$13,249,025
Change from May 1930	+27%	-32%
Change from June 1929	-25%	-78%
First 6 months of 1930	\$413,196,346	\$91,534,578
Change from same period 1929	-35%	-61%

Merchandising

The various lines of merchandising covered by this bank's survey, continued to be affected in June by the general lack of industrial activity and unemployment. In wholesale trade, groceries which usually show an

WHOLESALE TRADE IN JUNE 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTAND. TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTAND.	COLLECTIONS	
Groceries	-10.4	-6.9	-10.1	-8.3	92.9
Hardware	-26.8	-9.9	-13.1	-14.5	253.6
Dry Goods	-27.6	-8.5	-13.0	-22.6	369.1
Drugs	-8.6	+0.6	+7.1	-3.2	158.9
Shoes	-37.9	-5.0	-10.9	-38.8	403.2
Electrical Supplies	-24.2	-16.4	-19.9	-20.2	149.1

DEPARTMENT STORE TRADE IN JUNE 1930

LOCALITY	PER CENT CHANGE JUNE 1930 FROM JUNE 1929		PER CENT CHANGE FIRST SIX MONTHS 1930 FROM FIRST SIX MONTHS 1929	RATIO OF JUNE COLLECTIONS TO ACCOUNTS OUTSTANDING MAY 31	
	NET SALES	STOCKS END OF MONTH		1930	1929
Chicago	-17.1	-0.7	-9.9	33.7	33.3
Detroit	-23.9	-9.0	-17.5	38.7	44.0
Indianapolis	-13.6	-0.4	-6.7	39.6	40.7
Milwaukee	-16.3	+5.9	-3.5	---	---
Other Cities	-13.0	-6.9	-7.1	33.7	36.7
7th District	-17.8	-2.6	-10.5	36.9	39.6

increase at this season, recorded sales 4 per cent less than in the preceding month; a decline of $9\frac{1}{2}$ per cent, partly seasonal, was registered in the hardware trade; dry goods sales were $15\frac{1}{2}$ per cent smaller, drugs 6 per cent, and shoes 11 per cent less. The two latter lines usually show recessions in the June-May comparison. Electrical supply wholesalers report a decline of only one per cent from the preceding month. In all groups except the latter, declines from the corresponding month of 1929 were greater than were shown for May in the same comparison. In the first half of 1930, recessions from the same period a year ago averaged as follows: groceries, 2 per cent; hardware, 15 per cent; dry goods, 22 per cent; drugs, 9 per cent; shoes, 34 per cent; and electrical supplies, $17\frac{1}{2}$ per cent. Except in electrical supplies, the ratios of accounts outstanding to net sales were much higher for June than in the preceding month and in all but groceries considerably above the ratios for last June.

June department store sales in the Seventh district fell 13 per cent below May, whereas a year ago the decline in this comparison was less than 5 per cent. Sales showed a decrease of 18 per cent from last June, and in the first half of the year were $10\frac{1}{2}$ per cent under the same period of 1929. Chicago stores reported a falling-off in June business from May of almost 9 per cent, while firms in Detroit sold 17 per cent less, Indianapolis 14 per cent, Milwaukee $17\frac{1}{2}$ per cent, and stores in smaller cities 14 per cent less. As may be noted in the accompanying table, Chicago and Detroit continue to show the greatest recessions in department store business from a year ago. Stocks have declined further and remain below last year's level. The June rate of turnover for the district of .28 times was

slightly smaller than for last June, and the rate for the half-year of 1.73 compares with 1.93 for the first six months of 1929.

A slight decline from May was shown in the retail shoe trade during June, total sales of dealers and department stores falling off 4 per cent. As compared with the corresponding month of 1929, sales recorded a decrease of 13 per cent, and the volume sold in the first six months of this year totaled $6\frac{1}{2}$ per cent less than for the corresponding period last year. With the exception of three department stores, all firms showed a decline for this June from a year ago, and department stores alone reported gains in the six months' comparison.

Retail furniture dealers and the furniture and furnishings sections of department stores sold 28 per cent less merchandise in June than a month previous and a 26 per cent smaller volume than last June. Installment sales by dealers declined 28 and 30 per cent in the respective comparisons.

Sales of reporting chains in June fell off 10 per cent from the preceding month, although the number of stores in operation increased about one-half per cent. Average sales per store, as a consequence, declined a little more than 10 per cent. The aggregate volume sold was 5 per cent less than in June a year ago, while the number of units operated totaled 11 per cent larger, so that average sales per store showed a decrease of 14 per cent in the comparison. All reporting groups except men's clothing had smaller total sales than a month previous; aggregate sales of drug, cigar, and women's clothing chains were heavier than last June, and those by grocery, five-and-ten-cent, shoe, musical instruments, furniture, and men's clothing chains totaled smaller.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	June 1930	May 1930	June 1929	May 1929
Meat Packing—(U. S.)—					
Sales (in dollars)	64	103	106	120	119
Casting Foundries—					
Shipments:					
Steel—In dollars	15	68	81	101	109
In tons	15	71	85	109	119
Malleable—In dollars	23	50	63	92	98
In tons	23	71	90	128	138
Stoves and Furnaces—					
Shipments (in dollars)	11	83	93	98	112
Furniture—					
Orders (in dollars)	26	43	64	92	113
Shipments (in dollars)	26	50	63	95	99
Flour—					
Production (in bbls.)	27	96	103	91	94
Output of Butter by Creameries—					
Production	72	154	157	178	163
Sales	74	134	129	147	129
Automobile Production (U. S.):					
Passenger cars		99	124	154	176
Trucks		122	144	247	235
Building Construction—					
Contracts awarded (in dollars):					
Residential		45	67	201	148
Total		147	116	197	207

	No. of Firms	June 1930	May 1930	June 1929	May 1929
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	31	93	98	103	101
Hardware	14	78	89	104	107
Dry Goods	10	61	72	83	82
Drugs	14	92	101	100	108
Shoes	8	61	70	93	101
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	30	95	102	115	114
Detroit	4	124	149	162	176
Indianapolis	5	87	101	101	109
Milwaukee	5	95	116	114	120
Other Cities	51	88	101	97	104
Seventh District	95	98	111	119	123
Iron and Steel—					
Pig Iron Production:*					
Illinois and Indiana		119	134	148	148
United States		100	106	126	128
Steel Ingot Production—(U. S.)*		103	112	147	147
Unfilled orders U. S. Steel Corp.		83	85	89	90

*Average daily production.

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